

**CITY OF SAN DIEGO RESPONSE TO GRAND JURY REPORT**  
**"REVIEW OF THE SAN DIEGO CHARGERS CONTRACT"**

Pursuant to Penal Code section 933.05, the City of San Diego provides the following responses to the above entitled Grand Jury Report.

**FINDINGS:**

The City disagrees with the finding. General fund monies, out of the Midway/Sports Arena lease revenues, have been allocated to the Stadium Fund since the 1960's. Also, the City Manager's Report on the contract, and the bond documents, explained the all general fund revenues were available to pay bond debt if necessary.

2. The City disagrees with the finding. The stadium expansion was financed with *lease revenue* bonds, secured by a pledge of the City's general fund.
3. Communications in closed session are confidential and will not be discussed in this response.
4. The City agrees that Chargers rent, minus some level of attendance guarantee rent credit, alone will not cover debt service, however, the City has never said that Charger rent alone will pay for the expansion. All revenue from the stadium fund, including the Midway/Sports Arena revenue referenced above, is available to pay the debt service.
5. The City agrees with the finding.
6. The City agrees that the Chargers received the premium waiver from the NFL, however, that provision in the contract was in return for other concessions by the Chargers, including the relatively high (10%) rent paid.
7. The City agrees with the finding.
8. The City agrees with the finding, but points out the similar provisions appear in its other stadium leases.
9. The City agrees that Proposition 218 restricts the raising of property related fees, however, a parking charge is not a property related fee as defined in the proposition, rather, it is a fee for a service.

must be taken into account to make an even comparison.

RECOMMENDATIONS:

98-56. The recommendation was complied with throughout the negotiations and debate on the Chargers' contract.

98-57. The City Attorney conducted such a review at the time the contract was negotiated. The waiver has no effect on income to the City.

98-58. The City Attorney has reviewed the effect of Proposition 218 on parking rates at the stadium. Proposition 218 has no effect on the setting of such rates.